

The City Council for the City of Junction City, met in special session at 6:30 p.m. on Thursday March 22, 2012, in the Council Chambers of City Hall, 680 Greenwood Street, Junction City, Oregon.

PRESENT: Mayor, David Brunscheon; Councilors Jack Sumner, Bill DiMarco, Jim Leach, Randy Nelson, and Herb Christensen; (Excused Absence: Councilor Laurel Crenshaw); City Administrator, Kevin Watson; Police Chief, Mark Chase; Public Works Director, Jason Knope; Finance Director, Mike Crocker; Community Services Director, Melissa Bowers; and City Recorder, Kitty Vodrup.

I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Mayor Brunscheon called the meeting to order at 6:30 p.m. and led the Pledge of Allegiance.

II. CHANGES TO THE AGENDA

None.

III. FIRST STUDENT STREET CLOSURE REQUEST FOR BUS RODEO

Director Bowers stated that the request was to close 6th Street from Timothy to Nyssa Streets on Saturday, April 28th between 6:00 a.m. to 8:00 p.m. for the 2012 Bus Rodeo statewide competition, which would include local drivers from First Student. Community Development Committee reviewed and recommended approval.

MOTION: Councilor DiMarco made a motion to approve the First Student street closure request for a Bus Rodeo on April 28, 2012. The motion was seconded by Councilor Sumner and passed by unanimous vote of the Council.

IV. CITY SERVICES PRIORITIES

Administrator Watson presented a list of General Fund programs and services costs, per staff recommendation that past Budget Committee emphasis had been on having expenditures equal revenues. He asked for Council input on prioritization of services, Ending Fund Balance policy, and if revenues should equal expenditures, so staff could use that direction in preparing the upcoming Fiscal Year (FY) 2012-2013 budget. Initial budget preparation numbers show that expenditures will exceed revenues by \$237,000, which is 6 to 8% of the General Fund.

Administrator Watson continued that if the direction were to have revenues equal expenditures, this would likely mean cutting into the meat of the City's services and potentially mean losing services, cutting staff, or making it difficult to retain staff. He noted that this has been very difficult on staff already, because of the concern that their positions might be cut. He noted that the list was not a menu to pick or choose from, but could provide an idea of what the City's costs are. He encouraged the Council to think about the long term impacts of any reductions or what reallocations could mean to the City's overall service package.

Administrator Watson distributed a document that showed budgeted General Fund revenues, expenditures, and Ending Fund Balance over the past nine years. He noted that every year since FY 2003/2004, revenues have been less than expenditures, except for FY 2006/2007, and one year the difference was as high as \$500,000; however, with conservative budgeting practices, the Ending Fund Balance has continued to gradually increase. He stated that the numbers show that this is a trend.

Councilor Christensen noted that the FY 2011/2012 budget had an \$80,000 gap of expenditures exceeding revenues and asked what the current status of that figure was.

Finance Director Crocker responded that current estimates show it went down to \$30,000.

Councilor Christensen noted that one option could be going forward with the projected budget numbers and using part of the 1.9 million Ending Fund Balance. He asked for clarification on what Administrator Watson was asking for from the Council.

Administrator Watson responded that he was asking for direction on does the Council want revenues to equal expenditures in this budget or to use some of the Ending Fund Balance or maybe a mix of both, with lowering the gap to around \$100,000, for example.

Councilor Nelson stated that he did not want to see any reductions or cuts in staff. He noted that the City had enough trouble holding on to staff, so they needed to secure that and keep it stable. He continued that as the record shows, if they can keep the gap to around \$100,000, plus or minus, they would be in the ballpark of where they needed to be. He noted that there would always be fluctuation in the numbers, and that was something the Council needed to understand.

Councilor Sumner noted that there was an error in the FY 2011/2012 numbers on the worksheet, which would make the deficit number around \$95,000 instead of \$79,000. Director Crocker responded that off hand, he could not determine where the error was on the spreadsheet, but did know for certain that the gap between expenditures and revenues at the time of budget adoption was \$79,000.

Councilor DiMarco stated that when you look at the total expenditures versus the Ending Fund Balance (EFB), it might appear that the City was gaining ground on the EFB, but if you figure it as a percentage of the total expenditures, we were not. He noted that this led to a larger philosophical question, because next year the Council would be looking at the same situation, and did the Council want to tackle this now or leave it to future Councils. He continued that he felt it was important that Administrator Watson do an analysis of job descriptions to make sure they match what people are doing and to example possible reorganization of duties for a more efficient organization. He added that he would not want to direct Administrator Watson to cut any staff in any department, without first having the time to perform this analysis.

Administrator Watson noted that he felt the Council needed to make decisions on fiscal policies and his hope was this could be done in the next year, so that those policies could be implemented into next year's budget.

Councilor Christensen stated that he believed that Administrator Watson and the Department Heads were the professionals and were the ones to provide recommendations. He continued that he agreed with Councilor Nelson and did not want to cut any staff and felt that the Council needed to give staff the security that their positions were not going to be on the chopping block. He added that he felt they should keep things status quo and use some of the 1.9 million Ending Fund Balance for this year, if needed.

Councilor Sumner referred to the list of General Fund items and expressed objections with making any reductions to Probation Services or police staffing. He continued that he would like to see the numbers as close as possible to a balanced budget where revenues equal expenditures, but he did not want to see people lose their jobs. He added that personnel are the largest expense, but they are what make the organization work. He noted that if a position is cut and the service remains, someone else would have to take on that additional work.

Councilor Sumner continued that expenses like PERS continue to increase each year, and they would need to find a way to deal with that. He stated that they needed to keep staff, and pointed out that several departments were talking about adding staff. He commented that departments needed to cut out the frills and differentiate between what was needed and what was wanted.

Councilor Christensen stated that the way he viewed status quo was to hire for the vacant Probation Officer and Police Officer positions, as he felt those were positions that needed to be filled to continue supporting Chief Chase's good work of reducing crime. He continued that he wanted to keep all current personnel in place and did not feel there was anyone on the Council who wanted to cut staff. He noted that Public Works does an

excellent job and he was not saying that there was not a need for additional staff there, but questioned whether it was the right time to add staff.

Administrator Watson stated that as City Administrator, he had only been on the job seven months and was still in process of evaluating departmental operations. He noted that there were some things he thought should be changed and other things that were working well, but he was not quite ready to implement those changes. He noted that there were opportunities to save and opportunities to refocus their efforts, and he referred to the vacant Planning Director position and exploring ways to save money by not filling that position.

Councilor Leach expressed concerns on how to deal with the continued increases in PERS costs. He stated that he did not want to continue doing this to staff each year and had watched this type of a process occur for a number of years. He added that somehow they needed to deal with this.

Administrator Watson responded that the Council does have funding in the Ending Fund Balance that could cover expenditures and keep operations "status quo", as Councilor Christensen had noted. He continued that Councilor Leach was right that the status quo would continue to get greater and greater and then they would have to really start identifying what the core functions of the City are.

Councilor DiMarco stated that he could agree with Councilors Nelson and Christensen on keeping status quo in not cutting any staff at this time and agreed that they should not fill the Planning Director position. He noted that by not cutting anyone or reducing Materials and Services, they would just be putting off the problem until next year and the gap could be larger. If things are not changed, personnel costs would continue to increase, and he did not think the economy would recover fast enough in the next few years.

Councilor DiMarco continued that six out of the seven citizen members of the Budget Committee wanted to have what they referred to as a "balanced budget", where revenues equal expenditures and he felt they would recommend that again this year. He continued that a rationale would need to be provided for maintaining status quo and a plan for what would be done subsequent to that. He noted that he did not think it was the Council's job to go through the list and pick items, and he felt optimistic that they could further reduce the \$237,000 and work on balancing, without having to lose any staff. He continued that to say that staff would never be cut in the future was unrealistic, as positions could become obsolete with organizational restructuring.

Councilor Christensen stated that he was optimistic that the economy would be improving over the next few years. He noted that next year would be a whole new year with a new scenario, and he could support using some of the money they have saved in the Ending Fund Balance, if needed, over the next few years to make things balance.

Councilor DiMarco expressed his understanding of Councilor Christensen's concept of status quo and could support that, if that was the majority of the Council's view. He stated that he did not want to waste an experienced Council on not starting the efficiency analysis and restructuring and getting up to date on the way the departments and the front office are structured. He noted that currently there are people doing duties and crossing over into duties that do not match their job descriptions or pay in some situations. He noted that Councilor Christensen had sounded like he might want to also implement a hiring freeze.

Councilor Christensen responded that he had not used that term and only brought up the hiring of additional staff as an example and felt that was a separate discussion.

Mayor Brunscheon stated that he wanted to maintain staff and would like to enter into this year's budget discussions without staff coming up. He continued that the staff had been on a yo-yo for a number of years, and he did not think that was helping Junction City, the Council, or the staff. He stated that he felt the Council needed to let Administrator Watson start doing his job and bring his recommendations to the Budget Committee and Council. He added that this was Administrator Watson's responsibility and what they had hired him to do.

Mayor Brunscheon continued that he had preached having a budget where expenditures equal revenues for many years, but now had a different perspective as Mayor as he was more familiar with operations and impacts to the budget. He noted that employees were an expense, but were also an asset to the organization. He stated that part of Administrator Watson's job was to analyze the efficiencies of each department and justify positions and services and he should be given the time to do that. He added that he thought they would probably have to use some of the Ending Fund Balance this year to cover expenses and the reasoning for this would need to be explained to the Budget Committee.

Mayor Brunscheon stated that as far as hiring additional staff at Public Works, he would prefer to hold on that, even though the Enterprise Funds are separate from the General Fund. He continued that for this to be considered, staff would need to demonstrate the need and funding sources for these additional positions to the Budget Committee.

Mayor Brunscheon noted that Director Crocker had only been in his position for 1½ years and had been doing a good job. Mayor Brunscheon expressed the importance of making sure all of the numbers were accurate.

Mayor Brunscheon referred to the list that Administrator Watson had provided and noted that there were many bad ideas on there, but there could be some areas where reductions could occur, without reducing staff.

Councilor Nelson stated that he thought using the \$60,000 of State Shared Revenue to help balance the General Fund would be a good idea for this year. Mayor Brunscheon expressed his agreement.

Councilors Nelson and Christensen noted that Administrator Watson should be tasked with working on this and bringing back the budget that he felt was appropriate.

Councilor Sumner expressed his agreement with Councilors Nelson and Christensen and noted that the Budget Committee could weigh in on what items might be wanted but may not be needed.

Councilor Christensen stated that he felt they needed to make sure that their direction to Administrator Watson was clear and he suggested formalizing that in motion. He added that he felt it was important to let staff know that their jobs were a priority to the Council and would not be on the line to be cut, so that staff could feel secure in their positions.

Councilor DiMarco suggested not making a motion, as he thought it was clear that the Council did not want to pick items from the list and as Mayor Brunscheon had said, it was the responsibility of the City Administrator to bring them a budget. He stated that he did not agree with using State Shared Revenue to assist in balancing the budget and noted that he would like to see budget planning for the future. He asked if the first time the Council would see the budget would be at the April 19th Budget Committee meeting.

Administrator Watson responded yes.

Councilor Sumner stated that he would like to see \$7500 allocated in State Shared Revenue to cover Community Center scholarships again for next year.

Councilor Nelson responded that was a positive expenditure, and Administrator Watson would look at this and bring forth his recommended budget. He asked Administrator Watson if he felt he had clear direction.

Administrator Watson responded that it was nice knowing that the Council did not want to cut staff and he appreciated that sentiment. He thought that would go a long ways towards comforting the employees, because going through this type of tumultuous talk affects their work product. He continued that he would work hard to present a budget as balanced as possible and would work hard to present a game plan for continuing to get closer in the future to a balanced budget. He noted that one thing they needed to get through was the Urban Growth Boundary (UGB) process, which has been an expensive process. He continued that once they get through this, the City would hopefully be spending less money than is currently being spent. He added that he would work to

present a budget that he could stand behind where all staff are supported and necessary to complete the City's mission.

Mayor Brunscheon stated that he wanted to see Administrator Watson present a budget that he could justify, that he could stand behind, and that he and his staff were supportive of.

Councilor DiMarco noted that one way to shorten the amount of Budget Committee meetings needed was to be straightforward with the justifications for the budget numbers.

Administrator Watson asked if the Department Heads had any comments.

Chief Chase responded that he had spent time comparing last year's General Fund expenditures with this years and felt that the Ending Fund Balance would end up better than they had anticipated, as it had done over the last three years. He noted that in time they would be receiving additional property tax revenue from Grain Millers and an increase in residential building, and he was hopeful for the future. He stated that staff had done a good job of tightening the belt on expenditures, and he felt that during tough times, it was appropriate to use some of the Ending Fund Balance. He expressed appreciation to the current and previous Councils and staff members for good budgeting practices and for providing such a high cushion in the Ending Fund Balance.

V. ADJOURNMENT

As there was no further business, the meeting was adjourned at 7:51 p.m.

ATTEST:

APPROVED:

Kitty Vodrup, City Recorder

David S. Brunscheon, Mayor